



Committed to the future of rural communities.

# Rural Development Community Programs

## Community Facilities Guaranteed Loans

### *Program Objective*

USDA Rural Development can guarantee loans made by eligible lenders to improve, develop, and construct essential community facilities in rural areas.

Essential facilities include hospitals, health clinics, nursing homes, fire and police facilities, community centers, roads and streets, libraries, schools, criminal justice centers, etc.

Also, recreation loans for youth and family oriented community activities are now an eligible guaranteed loan purpose.

### *Eligible Applicants*

- ◆ Nonprofit organizations (including associations, private corporations or cooperatives) if they can demonstrate significant ties with the local rural community.
- ◆ Public Bodies such as municipalities, counties, special purpose districts and authorities.
- ◆ Indian tribes on Federal and State reservations and other Federally recognized Indian tribes.

### *Eligible Areas*

Rural communities of up to 20,000 in population are eligible.

### *Security Package*

Elements of a security package include:

- ◆ Real Estate
- ◆ Machinery & Equipment
- ◆ Accounts Receivable
- ◆ Assured Income
- ◆ Contracts
- ◆ Significant Community Support

### *Eligible Lenders*

Lenders subject to credit examination and supervision by a Federal, State, or other Farm Credit System institutions, with direct lending authority; bank or cooperatives; or agency such as:

- ◆ Bank or Savings and Loan
- ◆ Mortgage company that is part of a bank or holding company
- ◆ Farm Credit Bank
- ◆ Insurance Company regulated by the National Commissioner of Insurance Companies
- ◆ State bond banks or State bond pools
- ◆ Credit Unions

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USDA, Director,  
Office of Civil Rights  
1400 Independence Ave. SW  
Washington, DC 20250-9410  
800-795-3272 (voice) 202-720-6382 (TDD)

## **Maximum Loan, Rates and Terms**

There is no maximum dollar amount. The amount of the loan is based on project feasibility, reasonable project costs, and cashflow.

Interest rates may be fixed or variable, incremental changes, caps and terms (maximum of 40 years) are all negotiable between the lender and borrower. Prepayment penalties are allowed.



The lender uses their own promissory notes, loan agreements and security agreements.

Appraisals are at the option of the lender.

Financial reports are determined by the lender.

## **Guarantee**

The maximum percent of guarantee is ninety percent (90%).

A one-time guarantee fee, equal to one percent (1%) of the guaranteed portion (90%) of the loan, is due at the time the guarantee is issued.

Loan funds may be used to pay the guarantee fee.

## **Application Procedure**

To receive detailed information and applications, please contact Rural Development at (406) 585-2540.

## **Examples of Essential Community Facilities**

### **Community Health Care**

- Clinics
- Nursing Homes
- Rehabilitation Centers
- Hospitals
- Outpatient Care

### **Public Safety**

- Communications Center
- Fire and Police Stations
- Fire Trucks
- Jails
- Civil Defense Buildings

### **Public Buildings**

- Adult Day Care
- Child Day Care
- City Hall
- Courthouses
- Community Centers
- Community Health Centers
- Food Preparation Centers
- Public Maintenance Buildings

### **Cultural & Educational**

- College Campus / Student Housing
- Libraries
- Museums
- Public Schools
- Vocational Schools

### **Transportation**

- Airport Hangars
- Bridges
- City Airports
- Street Improvements
- Sidewalks

